



MEDIA RELEASE

Industry to Consider Discussion Paper on Central Clearing for OTC Derivatives

16 June 2011

The release today by the Reserve Bank of Australia, on behalf of the Council of Financial Regulators, of a discussion paper on Central Clearing of Over-the-Counter Derivatives in Australia is an important stage in the policy discussion relating to the transition of the Australian market to centralised clearing.

An outcome of the 2008 financial crisis has been an effort to improve the post-trade infrastructure for over-the-counter (OTC) derivatives transactions. The Financial Stability Board (FSB) identified the need to further enhance the safety in the OTC derivatives market, and the G-20 leaders subsequently agreed in September 2009 that all standardised OTC derivative contracts should be traded on exchanges or electronic trading platforms, where appropriate, and cleared through central counterparties (CCP) by the end of 2012. As a result, authorities in key jurisdictions have put forward policy initiatives aimed at encouraging greater use of CCPs for OTC derivatives markets.

The evolving global landscape for OTC derivatives and central clearing is creating a complex environment in which national regulatory measures need to work compatibly with regulation and infrastructure in other jurisdictions.

AFMA will be working with its members to provide feedback to the Council on the views and propositions set out in the paper.

Notes for Editors:

The Australian Financial Markets Association (AFMA) is the leading industry association promoting efficiency, integrity and professionalism in Australia's financial markets and provides leadership in advancing the interests of all market participants. These markets are an integral feature of the economy and perform the vital function of facilitating the efficient use of capital and management of risk. Market participants perform a range of important roles within these markets, including financial intermediation and market making.

AFMA represents over 130 members, including Australian and international banks, leading brokers, securities companies, state government treasury corporations, fund managers, traders in electricity and other specialised markets and industry service providers.

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